EXECUTIVE SUMMARY
KING COUNTY

AREA REVIEWED

Apartments in Neighborhoods 005, 010, 015, 020, 025, 030, 075, 080, 095, 155, 300, 310, 330, 360, 365, 400, 410, and 415 were physically inspected. This includes low-income apartments in these neighborhoods. All other apartment neighborhoods were valued as annual update neighborhoods.

VALUATION DISCUSSION

A valuation model was created for all the apartments in King County. Up to six indicators of value were provided for each parcel (subject sale, income approach value, gross income multiplier value, multiple regression value, cost approach value, and weighted value). The appraiser also has the option of searching for comparable sales as a basis for the value.

SUMMARY ANALYSIS

Ratio analysis was performed before and after valuation and the level of assessment was improved. The changes in assessed values are presented below. More detailed information is provided in the section "Change in assessed value from previous roll". New construction influenced the total increase in assessed value.

Physically inspected neighborhoods:

Total Previous Assessed Value	$3,/829,561,060
Total Proposed Assessed Value	$4,127,960,400
Percent Change	+7.8%

Annually updated neighborhoods:

Total Previous Assessed Value	$11,581,443,647
Total Proposed Assessed Value	$12,037,962,350
Percent Change	+ 3.9%

Entire County:

Total Previous Assessed Value	$15,411,004,707
Total Proposed Assessed Value	$16,165,922,750
Percent Change	+ 4.9%

Part One -- Introduction

Summary of important conclusions

Appraisal Date: 01/01/2004.

Area Name: Apartment neighborhoods 005, 010, 015, 020, 025, 030, 075, 080, 095, 155, 300, 310, 330, 360, 365, 400, 410, and 415 were physically inspected and values posted to the 2004 assessment roll. All other apartment neighborhoods were valued as annual update neighborhoods.

Inspection dates: 12/15/2002 to 04/29/2004

Previous valuation dates (for physically inspected properties): Valuation date 1/1/1996 for neighborhoods 075 and 080; 1/1/1997 for neighborhoods 005, 010, 015, 020, 025, and 030; 1/1/1998 for neighborhoods 330, 360, 365, 400, 410, and 415; 1/1/1999 for neighborhoods 095, 300 and 310; 1/1/2000 for neighborhood 155.

Ratio information: The weighted mean ratio for the county before valuation was .89 and the median was .91.   After valuation it was .94 and .95 respectively. For complete information see the ratio studies in the addenda Ratios Before and Ratios After.

Appraisal Team members and participation

Rick Davison is assigned primary responsibility for the apartment values and was assisted by the following:

Loren Greenwalt performed the functions of data collection, sales verification, collection of rent information, drawing, and valuation of new construction.

Becky Blackstock and Don Torguson performed the functions of data collection, sales verification, collection of rent information, drawing, physical inspection, and valuation.

The following assisted in the valuation phase and in working appeals: John Berg, Russ Butler, Yuen Chin, Jeannie Laville, Michelle LeCompte, Ruth Peterson, Marie Ramirez, Steve Roberts, Raney Wright, and Bruce Zelk.

Special Assumptions & Departures

We considered all three approaches to value.

Part Two Presentation of Data

Identification of the area

The apartment specialty includes all apartment properties in King County with four or more units. Mixed-use properties where the commercial area is no more than 25% of the total net area are also part of the apartment specialty. Condominium complexes used as rental properties are appraised as apartments.

Name or Designation

All apartment properties in King County are identified in the Assessor's records as Area 100. In addition each apartment property is assigned a neighborhood. The table below lists the neighborhood numbers and their corresponding names.

Neighborhood Number	Name	Neighborhood Number	Name
5	Downtown	155	Phinney
10	Regrade	160	Seward Park
15	Lower Queen Anne	165	Skyway
20	South Lake Union	170	Rainier Valley
25	Pioneer Square	175	Beacon Hill
30	International	180	Industrial
35	Central District	185	Georgetown
40	Madison Park	190	South Park
45	Queen Anne	195	White Center
50	North Queen Anne	200	Highland Park
55	Westlake	205	Westwood
60	Eastlake	215	High Point
65	Capitol Hill	220	Delridge
70	Montlake	225	Junction
75	Magnolia	230	Alki
80	Interbay	235	Admiral
85	First Hill	240	Des Moines
90	Aurora	245	Burien
95	Lake City	250	Boulevard Park
100	Northgate	255	Sea Tac
105	Crown Hill	260	Midway
110	University	265	Valley
115	Wallingford	270	Federal Way
120	Ravenna	275	Federal Way East
125	Wedgewood	280	Federal Way West
130	Fremont	285	Auburn
135	Leary	290	Lea Hill
140	East Ballard	295	Algona
145	West Ballard	300	Enumclaw
150	Greenlake	305	Kent

Neighborhood Number	Name	Neighborhood Number	Name
310	East Hill	395	Kingsgate
315	Renton	400	Kenmore
320	Benson	410	Ballinger
325	Tukwila	415	North City
330	Renton Highlands	420	Richmond
335	Newcastle	425	Woodinvile
340	Mercer Island	430	Redmond
345	Eastgate	435	Sammamish Valley
350	Issaquah	440	Carnation
355	Kennydale	445	Fall City
360	Bellevue West	450	North Bend
365	Bellevue East	455	Pine Lake
370	Kirkland	460	Duvall
375	Overlake	465	Snoqualmie
380	Juanita	470	Outlying
385	Bothell	475	Vashon
390	Inglewood	900	Subsidized

Boundaries

See the neighborhood maps in the addendum Area Maps of this report.

Maps

Maps of the neighborhoods are included in the addenda. Assessor's maps are located on the 7th floor of the King County Administration Building.

Overview of the King County Apartment Market

King County consists of 2,134 square miles, about the size of Delaware. Of that area 383 square miles are in 39 incorporated cities, more than any other county in the state. The Urban Growth Area is 460 square miles in area. Most of that would be the western portion of the county lying west of a north-south line passing through Lake Sammamish. Only 77 square miles of the Urban Growth Area are in unincorporated areas. Almost all the apartments in the county fall within the Urban Growth Area. The population of King County was 1,779,300 in 2002. It is the thirteenth most populous county in the United States. The population increased 19% during the 1980's; 15% during the 1990's; and 2% from 2000 to 2003. The increase since 2000 is the smallest population increase since 1983. Although King County comprises 3% of the state's land area it contains 29% of the population and 43% of the jobs. Among the 3,100 counties in the nation, King County was ninth in number of jobs and eighth in total payroll ($54,000,000,000 in 2000). There were 742,237 housing units in the county in 2000. The average household size is 2.39 persons. Median household income in 2002 was reported by

the 2003 *King County Annual Growth Report* to be $65,400. This figure is for King, Snohomish, and Island Counties.

The largest employers in the county are Boeing, University of Washington, Microsoft, and King County Government. Employment in the county was at 1,127,400 in 2002 (preliminary figures). This is a 4% decrease from 2001 and a 5% decrease from 2000. Until 1999 the employment picture had steadily improved since 1993 when unemployment was at 6.3%. Now unemployment is on the rise. The 2002 unemployment figure is 6.5%. For the first time since 1997 the manufacturing sector has the highest average wage of any job sector ($60,671). The manufacturing sector provides approximately 11% of county employment. The number of jobs in the sector has been dropping since 1998. From 1998 to 2001 the service sector had the distinction of having the highest wages but it has dropped considerably in number of jobs and wages. This may be a reflection of the changes taking place in the high tech field. The service sector had grown in number of jobs and wages from 1990 to 2000, and then started declining.

Residential properties with at least 4 units are assigned to the apartment specialty. Also included are associated land parcels, some 1 through 3 unit buildings that are associated with apartments, condominium complexes that are rental properties, and mixed use buildings where no more than 25% of the total net area is devoted to commercial use. There are a total of 11,795 account numbers assigned to the apartment specialty. Of these, 304 are land parcels associated with apartment properties. Another 2,397 are account numbers for individual condominium units associated with the 216 condominium complexes that are included in the apartment specialty. Subtracting the land parcels and individual condo units results in 9,094 apartment properties in King County. This total varies slightly from the total number of properties shown on the table of averages and the total number shown on the county-wide ratio studies. The reason for the difference is the different times at which the totals were computed. The 9,094 improved apartment properties contain a total of 213,067 units. Of the improved properties in the apartment specialty 1% have fewer than 4 units; 27% are fourplexes; 28% are five to nine units; 18% are 10 to 19 units; 15% are 20 to 49 units; 6% are 50 to 99 units; 3% are 100 to 199 units, and the remaining 2% are 200 units and up. The largest apartment property in the county is the 774-unit Archstone Redmond Hill. Of the apartments in existence today 17% were built before 1930, the vast majority of these (97%) are in Seattle. During the Depression and World War II very little construction was done. As a result only 2% of the apartments in King County today were built in the years 1930 through 1945 and 28% of those were built in 1930 alone. It wasn't until the 1960's that apartment construction outside of Seattle began in earnest. Today 38% of the apartments in the county are outside of Seattle. Of the total housing stock in King County, 37% are multi-family (includes duplexes and triplexes).

During 2002, building permits were issued to construct 5,506 multi-family units in King County. This is a decrease of 25% from 2001 and 43% fewer than in 2000. During the early 1990's the number of units for which permits were taken out remained under 4,500 per year. In 1996 they rose above the 6,000 mark and continued rising until they peaked at 9,685 in 2000. As of July 13th, 2004 apartment new construction money of $117,663,900 had been added to the 2004 assessment roll for taxes payable in 2005. New construction money accounts for 15.6% of the total increase in apartment assessed value for the year. Backing it out of the total would lower the total increase in assessed value from 4.9% to 4.1%.

Mortgage interest rates for 30 year fixed rate mortgages were at the 7% level during 1998. By the 2nd quarter of 1999 they were on the rise peaking in mid 2000 at about 8.5%.

During 2001 they were between 7% and 7.5%. In 2002 and continuing in 2003 they dropped dramatically to about 5.5%. According to HSH Associates the rate in June, 2004 for the Seattle market was 6.30% with .63 points (national average was 6.44% with .18 points). The American Council of Life Insurers reports that for loans on large apartment properties in the Seattle area the interest rate averaged 5.55% in 2003.

1997 and 1998 were record-breaking years in the apartment market. In 1999 the apartment market slowed. According to an analysis of economic indicators by the National Bureau of Economic Research the nation has been in a recession since March 2001. The events of September 11th, 2001 may have exacerbated the recession. This has had an impact on the King County apartment market. Vacancy has risen and apartment owners are offering incentives. Sales, however, have not declined to any appreciable extent. Sales volume has diminished. Of the five most recent years, 1999 had the highest volume of apartment sales in King County. Volume dropped beginning in 2000 until 2002 when volume jumped up almost to the 1999 level. It then dropped again in 2003. Below is a graph of King County apartment sales volumes for the past five years. The figures are based on *The Dupre + Scott Apartment Investment Report.* Patty Dupre and Mike Scott said in an article in the *Puget Sound Business Journal* (February 9, 2004), "In spite of a weak rental market in 2003, investors clearly remained bullish on apartments". They indicated small properties are selling at a premium over the 20-plus unit properties.

Apt. Sales Volumes in King County
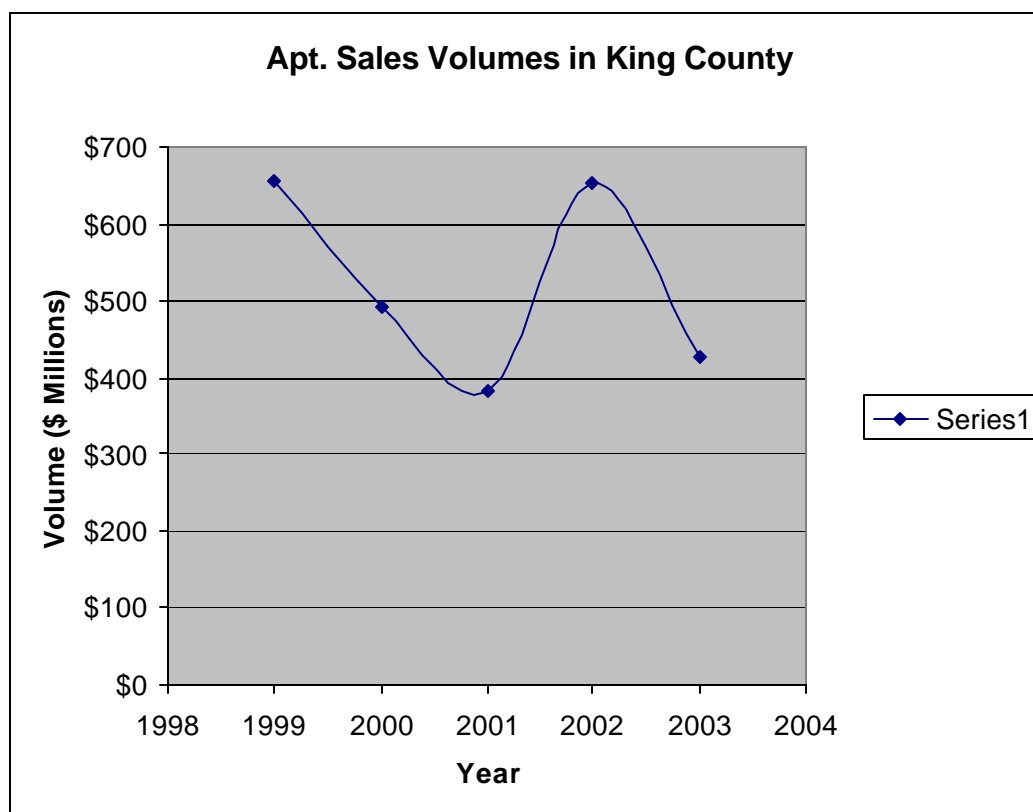
Source of data: *The Dupre + Scott Apartment Investment Report*

The Dupre + Scott Apartment Investment Report indicates an average price per unit for 2003 of $77,393 in King County. An analysis of the Assessor's sales data shows the

average price paid per unit in King County was $90,066 in 2003. This was a 6.5% increase from 2002. The large difference in the Assessor's figures and some of the published figures is the fact that the Assessor includes properties down to 4-units and also mixed use properties. Most publications address larger properties only. In an analysis done by Tom Cain in the *Central Puget Sound Real Estate Research Report* (Spring, 2003) values increased by 3% and overall rates decreased from the previous year. This was based on apartments of 20 or more units in the tri-county area. The Assessor's data indicated an average overall rate of 7.05% (compared to 7.32% in 2002) and an average gross income multiplier of 9.36 (compared to 9.24 in 2002). *The Dupre + Scott Apartment Investment Report* shows an average capitalization rate based on actual income of 6.9% and a gross income multiplier of 8.2 for the same period.   Of the sales in 2003, 78 had sale prices of at least $100,000 per unit and one was over $200,000. The highest prices were in the Eastside neighborhoods. The average price per unit there was $114,192 and the average overall rate was 6.20%. The Seattle and north county area was close behind with an average of $105,946 per unit and 6.16% overall rate. The south county area was significantly lower at $64,234 per unit and had a significantly higher average overall rate of 8.02%. In the previously mentioned article by Tom Cain he states the values have peaked and will no longer be propped up by low interest rates. In spite of the economic deceleration, the apartment market in King County remains relatively healthy. The Spring 2004 issue of *Costar Advisor* shows the Seattle/Puget Sound area with the 10th largest apartment sales volume of 33 major market areas in the country. That issue also listed the region's average capitalization rate of 7.37% at number 8 of the areas surveyed. The seven areas with lower capitalization rates were all in California. The trend in price per unit for six years is shown in the chart below. The high sale prices and lower net incomes have resulted in lower overall rates. The second graph below shows the six-year trend for capitalization rates. *The Colliers International Apartment Report* of November of 2003 said sales of apartments in this area continue to show a trend of higher prices. This is a result of low interest rates, lack of available apartments, and lack of suitable alternative investments. Some apartment properties are selling at 4.5% and 5% capitalization rates on actual income. Average marketing time for apartments in the Seattle area is just under 6 months (*Cushman & Wakefield, Real Estate Outlook,* Spring/Summer, 2003).

Average Price per Unit

Source: Sales data from Assessor's database.

Overall Rates
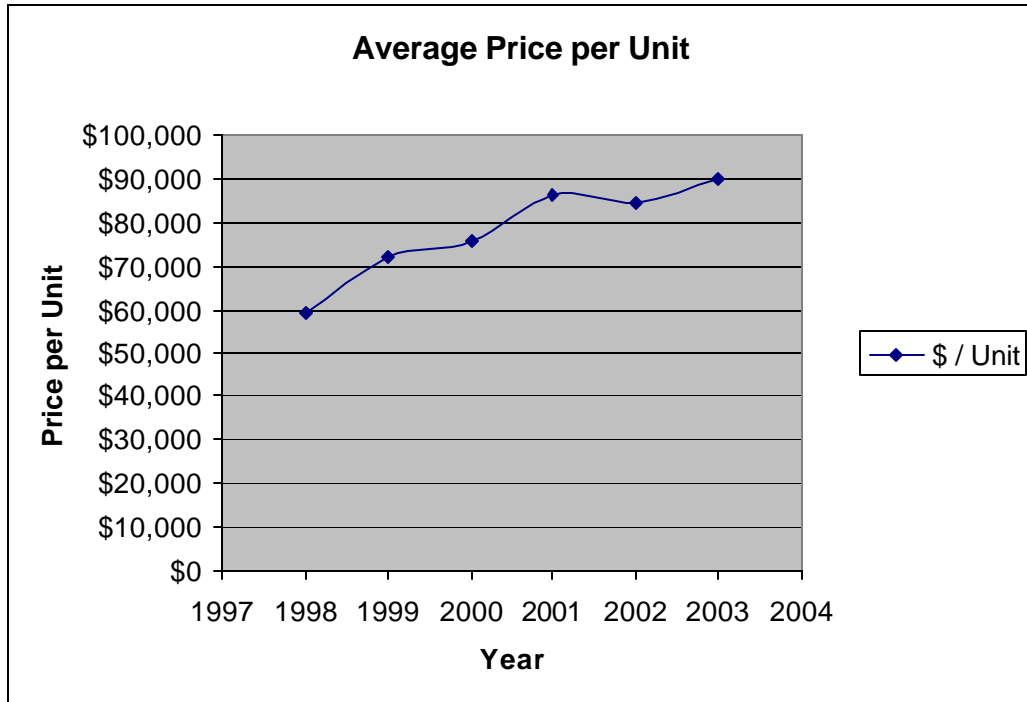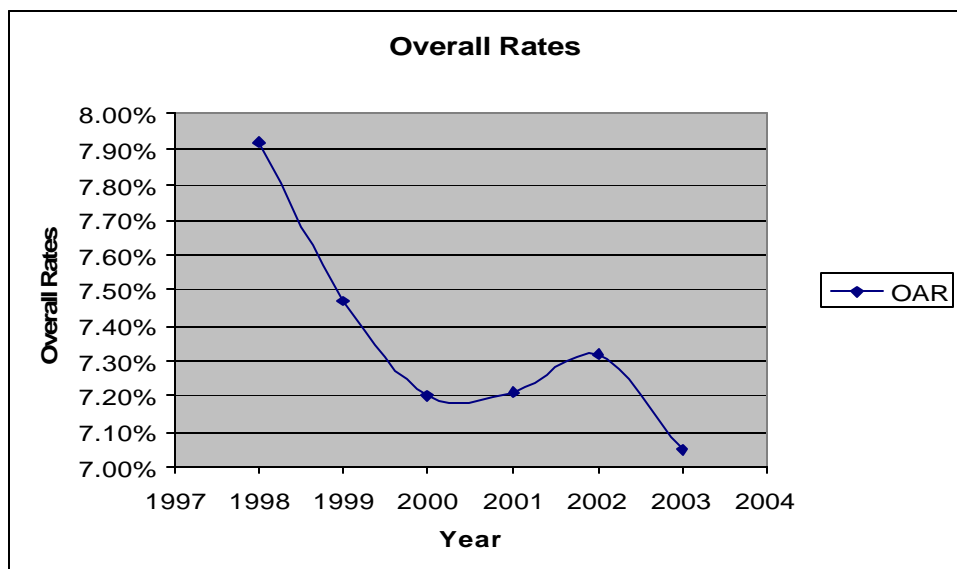
Source: Sales data from Assessor's database.

According to the Assessor's rent database the average rent in King County in 2003 was $895 (a 3% decrease over the prior year). The fourth quarter, 2003 issue of *CBRE Market Index Brief* reported average rents increased 2.5% in Seattle, decreased 0.2% on the Eastside and decreased 1.6% in the Southend. The recession has not caused the rents to dramatically decrease, but in order to maintain the level of rents owners have had to offer incentives. This has the effect of decreasing the net income. *The Dupre + Scott Apartment Vacancy Report* shows that the number of owners offering incentives has almost doubled since 2002 (from 23.5% of owners to 42.1%). In January, 2003, Real Facts, a research firm, released a study of apartment rents in 19 western US cities. Seattle was number nine at $858 per month. The top eight cities were all in California with San Francisco as number one at $1,621 per month. Jeanne Lang Jones in an article in the *Puget Sound Business Journal* of 5/23/2003 predicts rents to remain flat in 2003 and increase as much as 3% in 2004.

Vacancy in King County (according to the April, 2004 *Dupre + Scott Apartment Vacancy Report*) ranges from 3.3% in Green Lake to 11.3% in Issaquah. Enumclaw is at 2.1% but it was only based on 3 properties. The North county area has the lowest vacancy rates (6.0%) and the South and Southeast county areas have the highest (7.7% and 7.8%). Lately, due to the recession, Seattle and the Eastside have experienced increased vacancy rates, particularly in high-end properties. Jeanne Lang Jones in the article cited above in the *Puget Sound Business Journal* of 5/23/2003 referred to a study that showed the rising vacancy is fueled by the decline in employment and record low interest rates that enabled many renters to purchase houses.

According to the *King County Annual Growth Report* the median household income for renters is $43,877. At that income a two-bedroom unit renting for $1,097 would be affordable (30% of income). According to the *Growth Report* the average 2-bedroom, 1 bath unit rents for $838. A low-income renter (50% of median renter income) could afford rent of $548, far below the average 2-bedroom rent. Even in south King County where the 2-bedroom rents are lowest at $735 there is a deficit of $187 for the low-income household. Low-income households generally pay a disproportionate share of their income for housing or are living in low-income housing. Besides the public housing authorities there are an increasing number of privately owned low-income housing units coming onto the market.

The outlook for the future is mixed. Boeing has had a major impact on the labor picture. Boeing employment in the state dropped 8% in the first half of 2003. On the other hand in a January 21, 2004 article in GlobeSt.com it was reported that *The Puget Sound Economic Forecaster* predicts employment growth of 1.2% in 2004 and 2.3% in 2005. Patty Dupre and Mike Scott in the article cited above (*Puget Sound Business Journal,* February 9, 2004) predicted rents bottoming out by the end of the first quarter of 2004. They then expect a 4% increase over the next 30 months. Concessions and vacancies are expected to drop.

Following is a brief summary of averages for the apartments in King County. The rent and sales averages are taken from 2003 data. In some cases 2002 sales or rents were included if there was insufficient information from the 2003 data.

Rent Averages

Neighborhood	Number of Apt Prop.	Aver. Yr. Blt	Aver. # Units	Aver. Unit Size	Average Rents					
					Overall	Studio	1bd1ba	2bd1ba	2bd2ba	3 bed
Entire County	9054	1963	23	775	$895	$696	$757	$833	$1,088	$1,220
Downtown/Pio. Sq.	35	1941	88	588	$1,174	$805	$1,016		$1,986	
Regrade/So. Lk. Un.	68	1954	76	596	$1,262	$773	$1,091	$1,319	$1,758	$3,290
Queen Anne/Lower Q.A	536	1947	17	748	$952	$714	$879	$941	$1,525	
Central District	332	1939	10	758						
Eastlake/Montlake/ Mad.Pk	238	1948	12	770	$875	$610	$824			
Capitol Hill	723	1936	18	679	$846	$618	$758	$1,066	$1,270	
Magnolia / Interbay	270	1964	12	789	$940					
First Hill	101	1941	58	613	$987	$692	$816	$1,048	$1,369	
Aurora / Richmond Bch	395	1974	18	778	$783	$561	$673	$810	$928	$1,155
Lake City	235	1972	22	766	$866		$700	$925	$1,155	
Northgate	98	1975	32	815	$875		$728			
Ballard / Crown Hill	483	1966	9	773	$688		$627	$943		
University	322	1952	17	667	$943	$619	$819	$879	$1,357	
Wallingford	216	1950	9	713						
Ravenna / Wedgewood	143	1963	18	730	$804		$736	$835		
Fremont / Leary / Phinney	333	1956	10	715	$658	$521	$687	$771		
Greenlake	137	1960	11	695	$1,182		$740	$896		$1,359
Seward Pk / Skyway	60	1964	24	819	$625		$621	$821		
Rainier Valley	197	1960	20	729	$741		$546	$698		
Beacon Hill	143	1956	13	698						
South Pk/ Hiland Pk / Delridge	140	1961	16	692	$725		$610	$755		
White Cent./ Hi Point / Westwood	148	1976	22	773	$772					
Junction / Admiral	267	1964	13	746	$897		$806	$980	$1,215	
Alki	134	1961	10	805	$742					
Des Moines	36	1972	22	854	$827					
Burien	245	1974	22	817	$729		$602	$713	$948	$991
Boulevard Park	146	1970	23	775	$656		$568	$714	$746	
Sea Tac	74	1976	41	853	$753		$638	$717	$816	
Midway	177	1977	20	848	$675		$589	$655	$809	$1,013
Valley	39	1975	123	735	$673		$621	$729	$820	$1,002
Federal Way	369	1980	34	864	$746		$631	$737	$795	$913
Auburn / Algona	453	1976	14	847	$663		$557	$623	$819	$823
Enumclaw	88	1975	9	852						
Kent	78	1972	33	841	$721		$638		$758	
East Hill	166	1976	46	870	$727	$536	$585	$686	$785	$928
Renton	114	1965	22	709	$995		$859	$947	$1,046	
Benson	49	1979	108	903	$778		$677	$770	$886	$888
Tukwila	33	1972	45	792						
Renton Highlands / Kennydale	105	1972	41	809	$748		$654	$749	$884	
Newcastle/Mercer Isl	31	1969	79	887	$890		$737	$869		

Neighborhood	Number of Apt Prop.	Aver. Yr. Blt	Aver. # Units	Aver. Unit Size	Average Rents					
					Overall	Studio	1bd1ba	2bd1ba	2bd2ba	3 bed
Eastgate	37	1981	49	951	$1,034				$1,063	$1,415
Issaquah/Pine Lake	87	1982	49	950	$1,044		$837	$959	$1,083	$1,301
Bellevue West	79	1973	47	888	$1,227	$759	$987		$1,517	
Bellevue East	117	1973	55	975	$810	$645	$712	$817	$910	$1,070
Kirkland	155	1974	23	867	$1,186		$984	$968	$1,286	$1,367
Overlake	23	1984	160	864	$977		$813	$920	$1,036	$1,314
Juanita	78	1981	43	953	$966		$818	$1,012	$1,151	$1,113
Bothell	70	1974	17	825	$847					
Inglewood/Kingsgate	36	1983	53	1007	$809		$736	$822	$866	$1,159
Kenmore	52	1980	26	871	$715		$625		$827	
Ballinger / North City	79	1979	24	866	$734		$654	$754		
Woodinville	14	1991	112	835	$783					
Redmond /Samammish	93	1981	64	885	$1,009		$770	$897	$1,104	$1,398
Outlying Areas	91	1972	18	787	$947		$684	$905	$954	$1,072
Low-Income	86	1970	68	655						

Sales Averages

Neighborhood	Number of Apt Prop.	Aver. Yr. Blt	Aver. # Units	Aver. Un. Sz.	Sales Averages O.A.R.	G.I.M.	$/NRA	$/Unit
Entire County	9054	1963	23	775	7.05%	9.36	$123	$90,066
Downtown/Pio. Sq.	35	1941	88	588				
Regrade/So. Lk. Un.	68	1954	76	596				
Queen Anne/Lower Q.A	536	1947	17	748	6.08%	11.03	$163	$116,530
Central District	332	1939	10	758	7.43%	9.23	$127	$92,190
Eastlake/Montlake/ Mad.Pk	238	1948	12	770			$201	$157,967
Capitol Hill	723	1936	18	679	6.16%	10.41	$167	$107,493
Magnolia / Interbay	270	1964	12	789		11.45	$142	$100,656
First Hill	101	1941	58	613			$166	$110,555
Aurora / Richmond Bch	395	1974	18	778	6.33%	10.65	$126	$89,064
Lake City	235	1972	22	766			$99	$79,367
Northgate	98	1975	32	815			$123	$108,786
Ballard / Crown Hill	483	1966	9	773	6.26%	7.65	$139	$96,836
University	322	1952	17	667		11.76	$162	$97,865
Wallingford	216	1950	9	713			$148	$103,116
Ravenna / Wedgewood	143	1963	18	730			$136	$85,218
Fremont / Leary / Phinney	333	1956	10	715	6.14%	12.18	$162	$98,883
Greenlake	137	1960	11	695			$165	$131,870
Seward Pk / Skyway	60	1964	24	819				
Rainier Valley	197	1960	20	729			$93	$68,454
Beacon Hill	143	1956	13	698			$89	$62,465
Neighborhood	Number of Apt Prop.	Aver. Yr. Blt	Aver. # Units	Aver. Un. Sz.	Sales Averages O.A.R.	G.I.M.	$/NRA	$/Unit
South Pk/ Hiland Pk / Delridge	140	1961	16	692		7.27	$85	$62,550
White Cent./ Hi Point / Westwood	148	1976	22	773		9.04	$97	$66,604
Junction / Admiral	267	1964	13	746		10.18	$128	$100,331
Alki	134	1961	10	805			$157	$111,663
Des Moines	36	1972	22	854				
Burien	245	1974	22	817	7.76%	8.83	$78	$58,542
Boulevard Park	146	1970	23	775	8.00%	7.69	$87	$68,386
Sea Tac	74	1976	41	853			$79	$65,546
Midway	177	1977	20	848		7.60	$82	$62,166
Valley	39	1975	123	735			$84	$61,531
Federal Way	369	1980	34	864	8.02%	7.08	$73	$66,726
Auburn / Algona	453	1976	14	847	8.45%	7.75	$81	$61,334
Enumclaw	88	1975	9	852			$77	$65,486
Kent	78	1972	33	841				

East Hill	166	1976	46	870	8.82%	6.90	$74	$60,474
Renton	114	1965	22	709			$106	$66,437
Benson	49	1979	108	903				
Tukwila	33	1972	45	792				
Renton Highlands / Kennydale	105	1972	41	809			$94	$77,587
Newcastle/Mercer Isl	31	1969	79	887				
Eastgate	37	1981	49	951				
Issaquah/Pine Lake	87	1982	49	950		9.92	$115	$96,607
Bellevue West	79	1973	47	888				
Bellevue East	117	1973	55	975				
Kirkland	155	1974	23	867			$155	$122,019
Overlake	23	1984	160	864				
Juanita	78	1981	43	953			$129	$116,258
Bothell	70	1974	17	825				
Inglewood/Kingsgate	36	1983	53	1007				
Kenmore	52	1980	26	871				
Ballinger / North City	79	1979	24	866			$101	$77,008
Woodinville	14	1991	112	835				
Redmond /Samammish	93	1981	64	885				
Outlying Areas	91	1972	18	787				
Low-Income	86	1970	68	655				

General Description of Methodology

During 1997 the Assessor introduced the Assessor's Real Property data system. In that system apartments are assigned the area number 100. Following that is a three-digit number that indicates the neighborhood in which the property is located. There are 96 apartment neighborhoods in the County. Apartments in certain low-income programs are assigned to neighborhood 900 regardless of their physical location. Neighborhood maps are contained in addendum "Area Maps". Addendum "Area Maps" also contains a list of the neighborhood names and numbers.

Appraisal-sale ratios and the time since the last physical inspection are the basis for determining the areas to be physically inspected. For the assessment year 2004 (taxes payable 2005) the apartment properties in Neighborhoods 005, 010, 015, 020, 025, 030, 075, 080, 095, 155, 300, 310, 330, 360, 365, 400, 410, and 415 were physically inspected. A valuation model was created for the entire County. The model was used to value the apartment properties in the physically inspected areas. It was also used to update values in certain neighborhoods where the weighted mean appraisal-sale ratios were not within acceptable limits. The cost, sales comparison, and income approaches were all incorporated in the model. These are discussed separately. The geographic area appraisers set land values.

COST APPROACH

Software developed by Marshall Valuation Service is installed on the Assessor's Real Property system. Replacement cost new, less depreciation is computed for all improved properties in the Real Property system. This value was made a part of the apartment valuation model.

SALES COMPARISON APPROACH

The sales comparison approach or market approach is one of the indications of value applied to the properties in the apartment valuation model. Sale spreadsheets are found in addendum "Area Sales".

A multiple regression analysis was performed on the sales in the County. The resulting equation was used to compute an indicated value for each apartment property. The dependent variable and continuous independent variables are converted to logarithms. The coefficients are listed in the table below.

	Variable Type	Coefficient	t-Statistic
Dependent Variable			
Natural log of $/Unit			
Independent Variables			
Intercept		7.9303	43.59
Condition, Below Avg	Categorical	-.04708	-1.64
Condition, Above Avg.	Categorical	.04506	2.39
Quality, Below Avg.	Categorical	-.07473	-3.00
Quality, Above Avg.	Categorical	.07890	3.62
Year Blt, Older than 1926	Categorical	.008399	.34
Year Blt, 1926 – 1945	Categorical	.04654	1.42
Year Blt, 1975 - 1984	Categorical	.05568	3.08
Year Blt, 1985 - 1993	Categorical	.1254	6.03
Year Blt, 1994 - plus	Categorical	.2722	6.12
Units, 4	Categorical	.2986	13.54
Units, 5 – 9	Categorical	.1500	7.11
Units, 10 – 19	Categorical	.08128	3.79
Units, 100 +	Categorical	.03515	1.03
Natural log of Avg. Unit Size	Continuous	.5036	18.21
Natural log of Percent View	Continuous	.01605	3.77
Natural log of Comml. Area	Continuous	.009623	1.38
N_005 thru 030	Categorical	.2341	5.67
N_040_060_070	Categorical	.3692	7.38
N_045	Categorical	.3271	7.31
N_065_085	Categorical	.2611	9.79
N_075_080	Categorical	.05263	1.16
N_090_420	Categorical	-.1128	-3.64
N_110	Categorical	.08875	2.00
N_115	Categorical	.1706	3.23
N_130	Categorical	.1533	3.29
N_150_155	Categorical	.2168	5.03
N_160_165_175	Categorical	-.3606	-8.53
N_170	Categorical	-.3553	-7.13
N_180_185_190_200	Categorical	-.4749	-10.96

N_195_205_215_220	Categorical	-.5222	-11.95
N_240	Categorical	-.4949	-6.72
N_245	Categorical	-.4910	-14.91
N_250_325	Categorical	-.5348	-15.28
N_255_260	Categorical	-.5025	-14.28
N_265_305	Categorical	-.4382	-7.72
N_270_275_280	Categorical	-.5070	-13.24
N_285_290	Categorical	-.5946	-22.18
N_295	Categorical	-.6122	-10.38
N_300_440_445_450_460_465_470_475	Categorical	-.5109	-12.49
N_310	Categorical	-.4817	-11.47
N_315	Categorical	-.3928	-8.35
N_320	Categorical	-.4802	-6.90
N_330	Categorical	-.3846	-5.96
N_335_340_345_355	Categorical	-.08675	-1.13
N_350_455	Categorical	-.2293	-3.29
N_370	Categorical	.07642	1.02
N_385_395_400_425_435	Categorical	-.2762	-5.16
N_410_415	Categorical	-.2574	-3.70

Sample size = 827

Adjusted R-Squared = .78

The variables beginning with N are neighborhood variables. The number refers to the neighborhood number. See addendum "Area Maps" for neighborhood boundaries. A list of the neighborhood numbers and the corresponding neighborhood name appears in Part Two of this report.

Natural log of Percent View is the natural logarithm of the percentage of units with view. This is an estimate of the percentage of units in the apartment complex that have a view significant enough to affect value. It is expressed as a whole number.

Natural log of Comml. Area is the natural logarithm of the square footage of commercial space in a mixed-use building.

The characteristics of the sale properties closely mirrored the characteristics of the total population of apartments in the county. The sale properties are very representative of the apartments in King County. The comparison is presented in the table below;

	Avg. Year Built	Avg. Numb. Units	Avg. Unit Size
All Apartments in County	1963	23	775
Sold Apartments	1965	24	770

INCOME APPROACH

The income approach is an estimate of market value based on the quality and quantity of income a property is expected to generate. The indicated values obtained by the income approach were compared with sale prices of sale properties. If the indicated values of a

particular category of apartment or neighborhood deviated significantly from the sale prices, the income model was recalibrated. This was done by applying an adjustment factor to the rents.

Rents

The potential gross income for each property was determined primarily from the rent information found in the addendum labeled "Rent Comps". Published reports were also considered. The rents used in the model were determined primarily by multiple regression analysis. The coefficients from the multiple regression equation are in the table below. The dependent variable and continuous independent variables are converted to logarithms.

	Variable Type	Coefficient	t-Statistic
Dependent Variable			
Natural log of Rent			
Independent Variables			
Intercept		3.3885	30.86
Pool	Binary	0.0204	3.34
Elev	Binary	0.0690	7.11
Natural log of UnitSize	Continuous	0.4499	26.72
Indiv. Unit View	Binary	0.1329	10.94
Qual, Low Cost	Categorical	-0.0479	-.2.31
Qual, Low Avg	Categorical	-0.0241	-1.08
Qual, Avg Good	Categorical	0.0204	2.79
Qual, Good	Categorical	0.0459	5.41
Qual, Btr ThanGood	Categorical	0.1335	4.00
Cond, Btr Than Avg	Binary	0.0039	.57
Year Blt, Older than 1926	Categorical	0.0367	2.42
Year Blt, 1926 – 1945	Categorical	0.0880	4.76
Year Blt, 1946_1950	Categorical	0.0387	1.89
Year Blt, 1951_1964	Categorical	-0.0319	-2.98
Year Blt, 1985_1993	Categorical	0.0653	9.74
Year Blt, 1994 +	Categorical	0.2448	25.91
Studio	Categorical	-0.0745	-6.43
2Bd1Ba	Categorical	0.0651	8.16
2Bd2Ba	Categorical	0.1114	11.33
3Bd1Ba	Categorical	0.1635	6.31
3Bd2Ba	Categorical	0.1875	13..71
3Bd3Ba	Categorical	0.2368	8.86
4Bd__	Categorical	0.3406	8.82
Nbrhd_005	Categorical	0.3607	14.39
Nbrhd_010_020	Categorical	0.3688	20.52
Nbrhd_015	Categorical	0.2885	14.60
Nbrhd_025_030	Categorical	0.2558	8.65
Nbrhd_040	Categorical	0.3943	11.93
Nbrhd_045	Categorical	0.3262	15.22
Nbrhd_050_055	Categorical	0.2412	6.58
Nbrhd_060_070	Categorical	0.2430	8.23
Nbrhd_065	Categorical	0.3508	23.00

Nbrhd_075_080	Categorical	0.2365	7.14
Nbrhd_085	Categorical	0.2744	14.11
Nbrhd_090_420	Categorical	0.0888	6.98
Nbrhd_095	Categorical	0.0817	4.47
Nbrhd_100	Categorical	0.1394	6.20
Nbrhd_105	Categorical	0.1526	3.58
Nbrhd_110_115	Categorical	0.2527	11.79
Nbrhd_120_125	Categorical	0.1662	5.80
Nbrhd_130_135	Categorical	0.2480	2.37
Nbrhd_140	Categorical	0.1820	4.70
Nbrhd_145	Categorical	0.2807	8.64
Nbrhd_150_155	Categorical	0.2946	11.04
Nbrhd_230	Categorical	0.2129	6.36
Nbrhd_285	Categorical	-0.0403	-2.51
Nbrhd_290	Categorical	-0.1326	-4.13
Nbrhd_340_345	Categorical	0.1936	7.56
Nbrhd_350	Categorical	0.1485	9.13
Nbrhd_360	Categorical	0.2565	11.90
Nbrhd_365	Categorical	0.1507	9.86
Nbrhd_370	Categorical	0.2702	14.61
Nbrhd_375	Categorical	0.2549	15.03
Nbrhd_380	Categorical	0.1649	10.28
Nbrhd_385	Categorical	0.1241	2.92
Nbrhd_390	Categorical	0.1353	6.46
Nbrhd_395	Categorical	0.0619	1.46
Nbrhd_410	Categorical	0.1145	2.96
Nbrhd_415	Categorical	0.0779	2.01
Nbrhd_430	Categorical	0.1075	7.65

Sample Size = 2620
Adjusted R-Squared = .82

The variables beginning with Nbrhd are neighborhood variables. The number refers to the neighborhood number. See addendum "Area Maps" for neighborhood boundaries. A list of the neighborhood numbers and the corresponding neighborhood name appears in Part Two of this report.

Indiv. Unit View is a binary variable indicating if a particular unit rent in the sample is for a unit with a significant view. For a typical unit the resulting rent increase amounts to 14%. When used in the model the effect of view is spread over all the units by multiplying the typical percentage increase (14%) by the percentage of units with view.

Natural log of Unit Size is the natural logarithm of the individual unit size which refers to the size of the individual unit types. It is often an approximation and is not the same as average unit size, which is net area of the building divided by number of units.

Quality refers to the quality of construction and is independent of condition.

Condition is a measure of the level of maintenance of a building.

Parking income was assigned for covered, secured parking ranging from $40 to $100 per space per month. Rates used for covered, unsecured parking ranged from $20 in the south

end to $40 in some Seattle neighborhoods. In some Seattle neighborhoods open parking was assigned rates of $35 per space per month.

For mixed-use properties typical commercial rents, vacancy, and overall rates were determined by accessing the income tables used by the geographic area appraisers. Commercial rents used in the apartment income model ranged between $4.50 and $30.00 per square foot per year, triple net. Triple net expenses of 10% were used for the commercial areas. For mixed-use properties the vacancy rates and overall rates are blended rates combining the apartment and commercial rates.

A few apartment properties have moorage. Moorage rates used in the model ranged from $5.00 to $9.00 per linear foot per month. The moorage income was expensed at 25% of effective gross income and capitalized at the same rate as the apartment income.

Vacancy

The *Dupre + Scott Apartment Vacancy Report* was the primary source of vacancy information. *Property Dynamics* and *CB Market Index* were also used. Components for credit loss and rent incentives were also included in the vacancy factors used in the model. Vacancy rates ranged between 4% and 10%. Below are the vacancy rates used in each neighborhood. The vacancy rates in many individual neighborhoods are higher that the rates shown. An appraisal attempts to mirror the activities of participants in the real estate market. Investors take a long range view; therefore, the results of their negotiations tend to indicate gradual changes rather than reflecting dramatic but temporary changes in vacancy or other parameters.

Nbrhood Numb	Nbrhood Name	Vacancy Rate	Nbrhood Numb	Nbrhood Name	Vacancy Rate
5	Downtown	9%	120	Ravenna	7%
10	Regrade	9%	125	Wedgewood	7%
15	Lower Queen Anne	7%	130	Fremont	6%
20	South Lake Union	9%	135	Leary	6%
25	Pioneer Square	9%	140	East Ballard	5%
30	International	9%	145	West Ballard	5%
35	Central District	9%	150	Greenlake	6%
40	Madison Park	4%	155	Phinney	6%
45	Queen Anne	7%	160	Seward Park	7%
50	North Queen Anne	7%	165	Skyway	8%
55	Westlake	7%	170	Rainier Valley	7%
60	Eastlake	6%	175	Beacon Hill	6%
65	Capitol Hill	6%	180	Industrial	7%
70	Montlake	6%	185	Georgetown	7%
75	Magnolia	7%	190	South Park	7%
80	Interbay	7%	195	White Center	8%
85	First Hill	8%	200	Highland Park	8%

90	Aurora	**7%**	205	Westwood	**8%**
95	Lake City	**7%**	215	High Point	**8%**
100	Northgate	**7%**	220	Delridge	**8%**
105	Crown Hill	**5%**	225	Junction	**7%**
110	University	**9%**	230	Alki	**7%**
115	Wallingford	**6%**	235	Admiral	**7%**
240	Des Moines	**9%**	360	Bellevue West	**9%**
245	Burien	**8%**	365	Bellevue East	**9%**
250	Boulevard Park	**8%**	370	Kirkland	**9%**
255	Sea Tac	**8%**	375	Overlake	**9%**
260	Midway	**9%**	380	Juanita	**8%**
265	Valley	**9%**	385	Bothell	**8%**
270	Federal Way	**9%**	390	Inglewood	**8%**
275	Federal Way East	**9%**	395	Kingsgate	**8%**
280	Federal Way West	**9%**	400	Kenmore	**8%**
285	Auburn	**9%**	410	Ballinger	**7%**
290	Lea Hill	**9%**	415	North City	**7%**
295	Algona	**9%**	420	Richmond	**7%**
300	Enumclaw	**9%**	425	Woodinvile	**8%**
305	Kent	**9%**	430	Redmond	**9%**
310	East Hill	**9%**	435	Samammish	**8%**
315	Renton	**9%**	440	Carnation	**7%**
320	Benson	**9%**	445	Fall City	**7%**
325	Tukwila	**8%**	450	North Bend	**7%**
330	Renton Highlands	**9%**	455	Pine Lake	**10%**
335	Newcastle	**9%**	460	Duvall	**7%**
340	Mercer Island	**8%**	465	Snoqualmie	**7%**
345	Eastgate	**9%**	470	Outlying	**7%**
350	Issaquah	**10%**	475	Vashon	**7%**
355	Kennydale	**9%**			

Expenses

The *Dupre + Scott Apartment Expense Report* was the primary source of expense information. Other sources include information from appeals. The expenses used in the model are shown below. Reserves for replacement are included. Real estate taxes are not included. They are expensed by means of loading the overall rate with a tax rate. The tax rate is the 2004 levy rate expressed as a percentage. The tax rates for 2004 range from .87% to 1.38%. Many apartment properties are also subject to surface water management fees that are billed with their real estate taxes. In jurisdictions where this is the case a component is added to the levy rate to reflect this additional charge. The amount added to the levy rate varied from .0085% to .13%.

Expenses per Unit (excl. taxes)

Year Built	Numb. Of Units	Central County	South County	East County
	4–Plex	$2,900	$2,780	$3,120
	5 – 9	$2,900	$2,780	$3,120

< 1951	**10 – 19**	$3,170	$3,050	$3,410
	20 – 99	$3,240	$3,120	$3,490
	100 +	$3,240	$3,120	$3,490
1951 – 1964	**4–Plex**	$2,840	$2,730	$3,060
	5 – 9	$2,840	$2,730	$3,060
	10 – 19	$3,100	$2,990	$3,350
	20 – 99	$3,180	$3,060	$3,430
	100 +	$3,180	$3,060	$3,430
1965 – 1974	**4–Plex**	$2,880	$2,770	$3,100
	5 – 9	$2,880	$2,770	$3,100
	10 – 19	$3,150	$3,030	$3,400
	20 – 99	$3,230	$3,100	$3,480
	100 +	$3,230	$3,100	$3,480
1975 – 1984	**4–Plex**	$2,950	$2,830	$3,170
	5 – 9	$2,950	$2,830	$3,170
	10 – 19	$3,230	$3,100	$3,470
	20 – 99	$3,300	$3,170	$3,560
	100 +	$3,300	$3,170	$3,560
1985 – 1993	**4–Plex**	$2,970	$2,860	$3,200
	5 – 9	$2,970	$2,860	$3,200
	10 – 19	$3,270	$3,140	$3,520
	20 – 99	$3,350	$3,220	$3,610
	100 +	$3,350	$3,220	$3,610
1994 +	**4–Plex**	$3,240	$3,110	$3,490
	5 – 9	$3,240	$3,110	$3,490
	10 – 19	$3,570	$3,440	$3,850
	20 – 99	$3,670	$3,520	$3,950
	100 +	$3,670	$3,520	$3,950

The central region is the area from downtown Seattle (includes Alki) north to the county line. The south region is everything south of the central region to the county line. The east region is the area east of Lake Washington and north of Renton.

The table values are further adjusted for:

Atypical heat (i.e., individual heat for buildings older than 1951 and central heat for newer buildings):
This represents the amount considered unrecoverable by increased rent.
+ or - $150

Pool:
For 4-plexes   +$300

5 – 9 units	+$175
10-19 units	+$75
20-99 units	+$15
100 + units	+$12

Elevator:

For 4-plexes	+$1,000
5 – 9 units	+$500
10-19 units	+$250
20–99 units	+$80
100 + units	+$55

High-priced Properties:

+ 5% for complexes of 100 or more units and with an effective gross income per unit greater than $11,500

Average Unit Size:

-3% for properties with average unit size less than 550 square feet.

+3% for properties with average unit size greater than 950 square feet.

+5% for properties with average unit size greater than 1,100 square feet.

Non-apartment uses:

| Commercial | 10% of effective gross income |
| Moorage | 25% of effective gross income. |

Overall rates and gross income multipliers

The overall rates used in the model were determined using information in the Assessor's sales files and published reports. Because the real estate taxes are not included as an expense a tax rate is added to the overall rate to arrive at the capitalization rate. The figures in the table below are the rates before the tax rate is added. Dividing the net income by the capitalization rate yields the indicated value by the income approach.

An indicated value is also generated by multiplying a gross income multiplier by the potential gross income.

The table below contains the overall rates and gross income multipliers used in the model.

Year Built	# of Units	Overall Rates			Gross Income Multipliers		
		Central	South	East	Central	South	East
Older than 1926	4 - Plex	6.00%	7.20%	6.40%	9.60	7.50	9.10
	5 - 9 Un	6.20%	7.40%	6.60%	9.30	7.30	8.80
	10 – 19 Un	6.40%	7.70%	6.80%	8.80	6.90	8.40
	20 – 99 Un	6.80%	8.20%	7.30%	8.30	6.50	7.90
	100 + Un	7.20%	8.60%	7.70%	7.90	6.20	7.50
1926 - 1945	4 - Plex	5.70%	6.80%	6.10%	10.40	8.10	9.90
	5 - 9 Un	5.90%	7.10%	6.30%	10.20	8.00	9.70
	10 – 19 Un	6.10%	7.30%	6.50%	9.40	7.30	8.90
	20 – 99 Un	6.50%	7.80%	7.00%	8.80	6.90	8.40
	100 + Un	6.90%	8.30%	7.40%	8.40	6.60	8.00
1946 - 1950	4 - Plex	5.80%	7.00%	6.20%	10.30	8.00	9.80
	5 - 9 Un	6.00%	7.20%	6.40%	10.00	7.80	9.50
	10 – 19 Un	6.20%	7.40%	6.60%	9.30	7.30	8.80
	20 – 99 Un	6.60%	7.90%	7.10%	8.70	6.80	8.30
	100 + Un	7.00%	8.40%	7.50%	8.30	6.50	7.90
1951 - 1964	4 - Plex	6.10%	7.30%	6.50%	9.20	7.20	8.70
	5 - 9 Un	6.30%	7.60%	6.70%	9.00	7.00	8.60
	10 – 19 Un	6.40%	7.70%	6.80%	8.40	6.60	8.00
	20 – 99 Un	6.80%	8.20%	7.30%	7.80	6.10	7.40
	100 + Un	7.20%	8.60%	7.70%	7.50	5.90	7.10
1965 - 1974	4 - Plex	5.90%	7.10%	6.30%	10.10	7.80	9.60
	5 - 9 Un	6.10%	7.30%	6.50%	9.80	7.50	9.30
	10 – 19 Un	6.30%	7.60%	6.70%	9.10	7.00	8.60
	20 – 99 Un	6.70%	8.00%	7.20%	8.50	6.40	8.10
	100 + Un	7.10%	8.50%	7.60%	8.10	6.20	7.70
1975 - 1984	4 - Plex	5.80%	7.00%	6.20%	10.10	7.80	9.60
	5 - 9 Un	6.00%	7.20%	6.40%	9.80	7.50	9.30
	10 – 19 Un	6.20%	7.40%	6.60%	9.10	7.00	8.60
	20 – 99 Un	6.60%	7.90%	7.10%	8.50	6.40	8.10
	100 + Un	7.00%	8.40%	7.50%	8.10	6.20	7.70
1985 - 1993	4 - Plex	5.80%	7.00%	6.20%	10.40	8.10	9.90
	5 - 9 Un	6.00%	7.20%	6.40%	10.10	7.90	9.60
	10 – 19 Un	6.20%	7.40%	6.60%	9.40	7.30	8.90
	20 – 99 Un	6.60%	7.90%	7.10%	8.70	6.80	8.30
	100 + Un	7.10%	8.50%	7.60%	8.30	6.50	7.90
1994 +	4 - Plex	5.70%	6.80%	6.10%	10.60	8.30	10.10
	5 - 9 Un	5.90%	7.10%	6.30%	10.40	8.10	9.90
	10 – 19 Un	6.10%	7.30%	6.50%	9.60	7.50	9.10
	20 – 99 Un	6.60%	7.90%	7.10%	8.80	6.90	8.40
	100 + Un	6.90%	8.30%	7.40%	8.60	6.70	8.20

The above rates are further adjusted by the quality and condition of the building as indicated below:

Adjustments:	OAR	GIM
Below Average Quality	+.40%	-1.00
Above Average Quality	-0.10%	+.20
Below Average Condition	+.50%	-.20
Above Average Condition	-.20%	+.20

VALUE SELECTION

The model computes up to six indicators of value for each property (subject sale, income approach, cost approach, multiple regression analysis on sales, gross income multiplier, and weighted value). The weighted value is based on the five other indicators of value. Most weight was placed on the subject sale if there was one. If there was no subject sale, most weight was placed on the income approach. Least weight was placed on the cost approach. In addition the appraiser may select individual comparable sales to be used as a basis for valuing an apartment property. The appraiser may change any of the parameters of the different approaches and may select any total value.

In neighborhoods not scheduled for physical inspection the assessed values were annually updated without conducting a physical inspection. In the annually updated areas the indicated value from the income approach in the apartment valuation model was posted to the tax rolls. Properties with extreme valuation increases or decreases, multi-parcel properties, sale properties with proposed values deviating significantly from the sale price, properties with recent appeals, and properties with data problems were checked by appraisers.

APPRAISAL-SALE RATIOS

Appraisal-sale ratios were computed for the apartments in the county. The appraisal-sale ratio is the assessed value divided by the sale price. It measures the level of assessment. The computations were done before and after the valuation process. The raw data is found in addenda "Ratios Before" and "Ratios After".

Scope of Data

Sales used occurred from 01/02/2001 to 12/31/2003. Rental information was obtained from property owners and from published sources such as COMPS Service. Rents used were collected from January, 2001 to December, 2003. Sales and rental data are contained in the addenda.

Zoning and legal/political consideration

Governmentally imposed restrictions, such as zoning, must be considered in the Assessor's valuation. The Assessor's maps show the zoning for each property and it is also noted in the data kept for each parcel. The source of the zoning information on the Assessor's maps is the various local jurisdictions.

Change in assessed value from previous roll

See Part Two of this report for a listing of the neighborhood names corresponding to the neighborhood numbers below.

	Previous AV	Proposed AV	% Change
Physically Inspected Neighborhoods:			
Neighborhood 005	$277,280,700	$290,864,600	4.9%
Neighborhood 010	$442,365,600	$467,316,500	5.6%
Neighborhood 015	$388,879,000	$443,475,400	14.0%
Neighborhood 020	$66,336,700	$74,567,500	12.4%
Neighborhood 025	$3,721,600	$3,061,200	-17.7%
Neighborhood 030	$46,524,000	$49,842,000	7.1%
Neighborhood 075	$106,974,800	$112,160,800	4.8%
Neighborhood 080	$159,549,000	$173,987,400	9.0%
Neighborhood 095	$354,981,700	$383,142,700	7.9%
Neighborhood 155	$73,894,600	$81,491,900	10.3%
Neighborhood 300	$38,332,800	$43,216,200	12.7%
Neighborhood 310	$393,424,000	$433,549,400	10.2%
Neighborhood 330	$208,604,700	$221,928,000	6.4%
Neighborhood 360	$403,604,000	$434,063,200	7.5%
Neighborhood 365	$523,057,060	$538,644,500	3.0%
Neighborhood 400	$98,882,000	$111,565,600	12.8%
Neighborhood 410	$90,857,000	$100,528,000	10.6%
Neighborhood 415	$38,573,000	$40,110,300	4.0%
Por.of Nbrhood 900	$113,718,800	$124,445,200	9.4%
Sub-Total	$3,829,561,060	$4,127,960,400	7.8%
Annually Updated Neighborhoods:			
Neighborhood 035	$234,041,400	$272,368,700	16.4%
Neighborhood 040	$103,913,000	$103,501,800	-0.4%
Neighborhood 045	$293,945,700	$294,407,700	0.2%
Neighborhood 050	$53,376,700	$53,644,700	0.5%
Neighborhood 055	$87,403,500	$99,268,600	13.6%
Neighborhood 060	$169,060,900	$194,533,000	15.1%
Neighborhood 065	$1,146,301,460	$1,248,246,500	8.9%
Neighborhood 070	$20,116,000	$23,028,000	14.5%
Neighborhood 085	$479,175,300	$469,624,600	-2.0%

Neighborhood 090	$502,991,500	$502,368,500	-0.1%
Neighborhood 100	$210,610,700	$209,806,500	-0.4%
Neighborhood 105	$81,588,100	$84,313,900	3.3%
Neighborhood 110	$427,506,200	$443,372,300	3.7%
Neighborhood 115	$189,153,500	$210,808,700	11.4%
Neighborhood 120	$73,557,900	$74,439,700	1.2%
Neighborhood 125	$156,442,800	$140,135,800	-10.4%
Neighborhood 130	$162,173,100	$176,977,300	9.1%
Neighborhood 135	$43,012,000	$43,073,400	0.1%
Neighborhood 140	$84,620,700	$84,701,100	0.1%
Neighborhood 145	$223,161,400	$249,666,900	11.9%
Neighborhood 150	$125,271,400	$138,969,400	10.9%
Neighborhood 160	$7,014,700	$7,014,700	0.0%
Neighborhood 165	$56,119,000	$72,949,100	30.0%
Neighborhood 170	$167,079,800	$168,322,200	0.7%
Neighborhood 175	$102,190,300	$109,047,200	6.7%
Neighborhood 180	$581,000	$581,000	0.0%
Neighborhood 185	$4,880,500	$5,517,000	13.0%
Neighborhood 190	$15,356,000	$16,030,000	4.4%
Neighborhood 195	$33,649,900	$36,362,000	8.1%
Neighborhood 200	$75,308,200	$75,308,700	0.0%
Neighborhood 205	$102,002,100	$102,002,100	0.0%
Neighborhood 215	$5,554,000	$5,554,000	0.0%
Neighborhood 220	$17,508,800	$17,508,800	0.0%
Neighborhood 225	$188,834,700	$199,980,000	5.9%
Neighborhood 230	$127,975,400	$132,991,700	3.9%
Neighborhood 235	$72,829,400	$74,963,100	2.9%
Neighborhood 240	$47,710,000	$47,710,000	0.0%
Neighborhood 245	$280,576,300	$279,564,200	-0.4%
Neighborhood 250	$175,269,151	$174,605,650	-0.4%
Neighborhood 255	$140,006,900	$155,111,900	10.8%
Neighborhood 260	$192,566,200	$192,685,700	0.1%
Neighborhood 265	$262,859,000	$262,859,000	0.0%
Neighborhood 270	$517,527,100	$518,012,300	0.1%
Neighborhood 275	$41,206,400	$57,001,400	38.3%
Neighborhood 280	$128,452,000	$128,452,000	0.0%
Neighborhood 285	$232,533,400	$260,283,900	11.9%
Neighborhood 290	$34,566,100	$43,839,400	26.8%
Neighborhood 295	$37,485,500	$39,579,900	5.6%
Neighborhood 305	$137,055,600	$137,071,800	0.0%
Neighborhood 315	$150,130,000	$165,595,800	10.3%
Neighborhood 320	$328,392,200	$329,352,800	0.3%
Neighborhood 325	$70,915,000	$71,068,000	0.2%
Neighborhood 335	$134,808,000	$134,834,000	0.0%
Neighborhood 340	$92,323,500	$92,323,500	0.0%
Neighborhood 345	$164,829,700	$164,828,700	0.0%
Neighborhood 350	$262,721,600	$272,395,600	3.7%
Neighborhood 355	$61,085,000	$61,389,500	0.5%
Neighborhood 370	$359,600,300	$377,576,000	5.0%
Neighborhood 375	$295,842,100	$329,412,100	11.3%
Neighborhood 380	$273,918,500	$279,238,100	1.9%

Neighborhood 385	$81,184,000	$81,641,500	0.6%
Neighborhood 390	$130,476,300	$130,600,000	0.1%
Neighborhood 395	$19,832,000	$19,832,000	0.0%
Neighborhood 420	$33,802,000	$33,802,000	0.0%
Neighborhood 425	$114,449,736	$116,407,000	1.7%
Neighborhood 430	$524,892,600	$524,892,600	0.0%
Neighborhood 435	$3,539,000	$3,539,000	0.0%
Neighborhood 440	$3,558,000	$3,558,000	0.0%
Neighborhood 445	$660,000	$660,000	0.0%
Neighborhood 450	$43,270,900	$43,271,000	0.0%
Neighborhood 455	$144,430,200	$148,072,200	2.5%
Neighborhood 460	$4,419,800	$4,306,000	-2.6%
Neighborhood 465	$16,575,300	$16,599,200	0.1%
Neighborhood 470	$48,654,100	$53,776,300	10.5%
Neighborhood 475	$6,621,000	$6,621,000	0.0%
Por. of Nbrhood 900	$138,392,100	$134,204,600	-3.0%
Sub Total	$11,581,443,647	$12,037,962,350	+3.9%
Grand Total	$15,411,004,707	$16,165,922,750	+4.9%

Land use data used and location of specifics

The land use of each property is recorded in the Assessor's Real Property application. Zoning is recorded on the Assessor's maps and is in the Assessor's database.

Preliminary ratio study

Ratio studies of all areas were performed using the 2003 assessed values (for taxes payable 2004). See addendum "Ratios Before".

Income data and specific location

Actual income and expense surveys were used to determine economic rents, expenses, and capitalization rates. The Assessor also uses published sources of income and expenses.

Part Three -- Analysis of Data and Conclusions

Highest and best use analysis and location of conclusions

Based on neighborhood trends, both demographic and current development patterns, the existing buildings represent the highest and best use of most sites. The existing use will continue until land value, in its highest and best use, exceeds the sum of value of the entire property in its existing use and the cost to remove the improvements. We find that the current improvements do add value to the property, in most cases, and are therefore the highest and best use of the property as improved. In those properties where the property is not at its highest and best use a token value of $1,000 is assigned to the improvements.

Land value model description

Land model calibration
Land values are the responsibility of the neighborhood appraisers.

Sales comparison approach model description
A multiple regression equation was formulated and used in the apartment valuation model. See the section "General Description of Methodology" for a description of the model.

Regression
See comments above.

Sales comparison calibration
See the description in the section "General Description of Methodology" for a description of the variables used in the model.

Cost approach model description
The Assessor's Real Property application computes an indicated cost value for each property. Marshall Valuation Service provided the software that computes the cost value. That value was incorporated into the apartment valuation model.

Cost calibration
The Marshall Valuation Service program determines a value based on building characteristics such as quality, number of stories, etc. Depreciation is computed and a local multiplier for the Seattle area applied.

Income capitalization approach model description
The income model assigned rents to the different unit types, applied vacancy and expense deductions and capitalized the net income into value.

Income approach calibration
The rents were set by a multiple regression equation described in the section "General Description of Methodology". In some cases an adjustment factor was applied to the rents to calibrate the model more closely to the market. Vacancy rates varied by neighborhood. Expenses and overall rates were adjusted for area, age, and complex size.

Reconciliation and or validation study of calibrated value models including ratio study of hold out samples.
All parcels in the physically inspected areas were individually reviewed by the area appraisers for correctness of the model application before final value was selected. Each appraiser can adjust any or all of the factors used to establish value by the model.

[double-click the link below to get to the sales list]
[Sales Used Before](#)

[double-click the link below to get to the sales list]
[Sales Used After](#)

Ratios Before

Quadrant/Crew:	Lien Date:	Date:	Sales Dates:
South Crew	**01/01/2003**	**07/08/2004**	**01/02/2001 - 12/31/2003**
Area	*Appr ID:*	*Prop Type:*	*Trend used?: Y / N*
100	**RDAV**	**Improvement**	**N**

SAMPLE STATISTICS	
Sample size (n)	1074
Mean Assessed Value	1,428,600
Mean Sales Price	1,598,100
Standard Deviation AV	3,392,858
Standard Deviation SP	3,793,005
ASSESSMENT LEVEL	
Arithmetic mean ratio	0.891
Median Ratio	0.905
Weighted Mean Ratio	0.894
UNIFORMITY	
Lowest ratio	0.4510
Highest ratio:	1.4706
Coeffient of Dispersion	11.36%
Standard Deviation	0.1340
Coefficient of Variation	15.04%
Price-related Differential	1.00
RELIABILITY	
95% Confidence: Median	
Lower limit	0.897
Upper limit	0.912
95% Confidence: Mean	
Lower limit	0.883
Upper limit	0.899
SAMPLE SIZE EVALUATION	
N (population size)	9090
B (acceptable error - in decimal)	0.05
S (estimated from this sample)	0.1340
Recommended minimum:	29
Actual sample size:	1074
Conclusion:	OK
NORMALITY	
Binomial Test	
# ratios below mean:	489
# ratios above mean:	585
z:	2.898821439
Conclusion:	*Non-normal*
*i.e., no evidence of non-normality	

Ratio Frequency
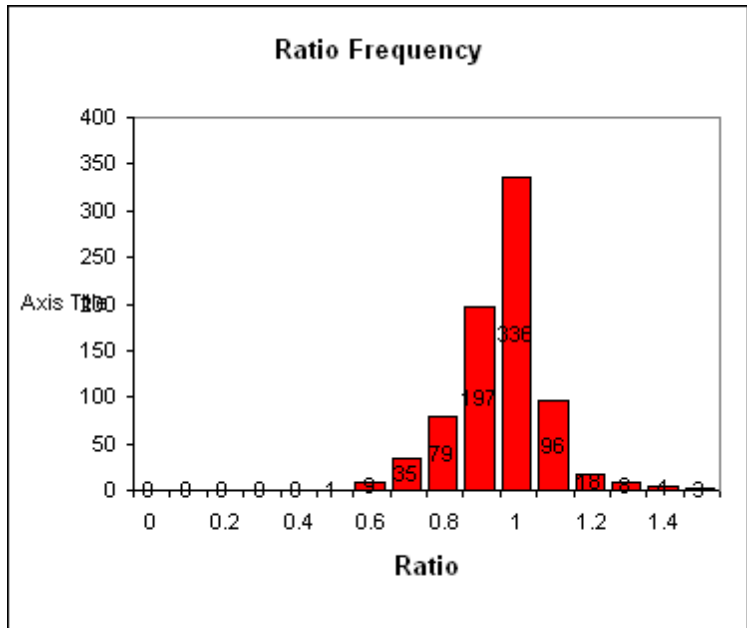
These figures reflect the 01/01/2003 assessment as compared with the current market. The weighted mean ratio is .894 which is just below the acceptable assessment level. It should be at least .90. The coefficient of dispersion should be below 15% and in this ratio study it is well below that. Fifteen sales were removed as outliers. The *Standard on Ratio Studies* published by The International Association of Assessing Officers provides for deletion of a maximum of 5% of the sales sample. The 15 sales deleted in this sample represent 1.4% of the sample.

Ratios After

Quadrant/Crew:	Lien Date:	Date:	Sales Dates:
South Crew	**01/01/2004**	**07/08/2004**	**01/02/2001 - 12/31/2003**
Area	Appr ID:	Prop Type:	Trend used?: Y / N
100	**RDAV**	**Improvement**	**N**

SAMPLE STATISTICS	
Sample size (n)	1074
Mean Assessed Value	1,503,000
Mean Sales Price	1,597,800
Standard Deviation AV	3,583,119
Standard Deviation SP	3,793,066
ASSESSMENT LEVEL	
Arithmetic mean ratio	0.940
Median Ratio	0.946
Weighted Mean Ratio	0.941
UNIFORMITY	
Lowest ratio	0.5495
Highest ratio:	1.4960
Coeffient of Dispersion	9.94%
Standard Deviation	0.1268
Coefficient of Variation	13.49%
Price-related Differential	1.00
RELIABILITY	
95% Confidence: Median	
Lower limit	0.936
Upper limit	0.957
95% Confidence: Mean	
Lower limit	0.932
Upper limit	0.948
SAMPLE SIZE EVALUATION	
N (population size)	9090
B (acceptable error - in decimal)	0.05
S (estimated from this sample)	0.1268
Recommended minimum:	26
Actual sample size:	1074
Conclusion:	OK
NORMALITY	
Binomial Test	
# ratios below mean:	516
# ratios above mean:	558
z:	1.251070305
Conclusion:	**Normal***
*i.e., no evidence of non-normality	

Ratio Frequency

These figures reflect the 01/01/2004 assessment as compared with the current market. The three indicators of assessment level are all within a narrow range (varying less than 1% from one another). The coefficient of dispersion should be below 15% and in this ratio study it is well below that. The price-related differential of 1.00 indicates there is no vertical inequity (differences in assessment level between high-priced properties and low-priced properties. Fifteen sales were removed as outliers. The *Standard on Ratio Studies* published by The International Association of Assessing Officers provides for deletion of a maximum of 5% of the sales sample. The 15 sales deleted in this sample represent 1.4% of the sample.